

HOUSE BILL REPORT

HB 1691

As Reported by House Committee On:
Natural Resources, Ecology & Parks

Title: An act relating to the distribution of revenue generated from state forest lands.

Brief Description: Concerning the distribution of moneys from state forest lands.

Sponsors: Representatives Orcutt, Blake, Kretz, DeBolt and Takko.

Brief History:

Committee Activity:

Natural Resources, Ecology & Parks: 2/18/05, 2/24/05 [DP].

Brief Summary of Bill

- Alters the distribution of revenue generated from Forest Board Transfer Lands so that revenue otherwise earmarked to the State General Fund is instead redistributed proportionally among the other local taxing districts in the county.

HOUSE COMMITTEE ON NATURAL RESOURCES, ECOLOGY & PARKS

Majority Report: Do pass. Signed by 8 members: Representatives B. Sullivan, Chair; Buck, Ranking Minority Member; Kretz, Assistant Ranking Minority Member; Blake, DeBolt, Eickmeyer, Orcutt and Williams.

Minority Report: Do not pass. Signed by 3 members: Representatives Upthegrove, Vice Chair; Dickerson and Hunt.

Staff: Jason Callahan (786-7117).

Background:

State management of trust lands

The Department of Natural Resources (DNR) manages approximately four million acres of forest land in the state for the financial benefit of various trust beneficiaries. These beneficiaries, which include common schools, the university system, and the state's capitol building programs, all have specific acres of land that are managed for their specific benefit.

Among the state's managed acres are over 540,000 acres known as Forest Board Transfer Lands. These acres are spread out over 20 counties, and the revenue generated from leasing

and the removal of valuable materials from the transfer lands are dedicated to the county in which the lands are located.

A brief history of Forest Board Transfer Lands

Unlike the majority of uplands held in trust by the state, the Forest Board Transfer Lands were not granted to the state's ownership by the U.S. Congress upon statehood. Forest Board Transfer Lands represent land that came into public ownership primary by way of tax foreclosures. When a county acquires a forested parcel through a tax lien foreclosure, the DNR may demand that the county deed title to the property to the state if it satisfies certain requirements. Once the land is deeded to state ownership, it then becomes part of the Forest Board Transfer Lands, and is held in trust and managed to the benefit of that county.

Forest Board Transfer Lands revenue distribution

When revenue is generated from Forest Board Transfer Lands, the DNR retains an amount to reimburse it for the expense incurred by the state for the administration, reforestation, and protection of the land. This amount is set by the Board of Natural Resources, and may not exceed 25 percent.

The money remaining after the reimbursement to the state is then paid to the appropriate county. Except for Skamania County and Wahkiakum County, the money must be distributed to the taxing districts within that county in the same manner as all general taxes are distributed. This includes a portion that is dedicated to the State General Fund, which functions as a taxing district.

In Skamania County and Wahkiakum County, as a result of their population being under 16,000 residents, the revenue from Forest Board Transfer Lands must first be used towards a reduction of any indebtedness in the current expense fund of the county.

Summary of Bill:

The distribution by counties of revenue generated from Forest Board Transfer Lands is altered. Revenue is no longer distributed to the State General Fund. The amount that would have been otherwise earmarked to the State General Fund as a taxing district is instead redistributed proportionally among the other local taxing districts in the county.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The state is having budget problems, but the counties are as well. This bill gives the counties a way to stay economically viable. The Legislature continues to force the counties to provide services, and this proposal gives them a way to pay for those requirements. The counties need every dime that they can get, and this would help.

Testimony Against: None.

Persons Testifying: Representative Orcutt, prime sponsor; Don Cothren, Wahkiakum County Commission; and George Kirkmire, Washington Contract Loggers Association.

Persons Signed In To Testify But Not Testifying: Galen McGinnis, Short Haul Incorporated.